Newspapers by ancestry
https://www.newspapers.com/image/420765623/

Downloaded on Feb 7, 2026

Seagram slides after news it's not for sale

KIM CHIPMAN
Bloomberg News

ORLANDO, Fla. – **Seagram Co.**, whose shares have risen 21 per cent this year on speculation that the media and beverage company will be sold, said yesterday it expects its film business to start making money again in the next fiscal year.

Seagram said it sees $1 billion in cash flow at its music unit for the fiscal year ending in June, up 16 per cent from pro-forma $861 million a year ago. Cash flow, or earnings before interest, taxes, depreciation and amortization, is used to gauge the health of acquisitive media companies because it excludes interest payments and non-cash charges such as depreciation.

Seagram's Universal Pictures studio has been posting cash-flow losses for five straight quarters, hurt by flops such as Meet Joe Black and Man on the Moon. The outlook outlined yesterday to 150 analysts came after media reports that chief executive Edgar Bronfman Jr. might sell the unit or the entire firm.

"It doesn't look like he wants to sell," said Barry Hyman, an Ehrenkrantz King Nussbaum Inc. analyst who has a "buy" rating on the shares. "He's presenting a very positive story."

Bronfman: likes all parts of the company.

Seagram shares fell $3.25 to $57.75.

The Montreal-based company has declined to comment directly on the sale speculation. Bronfman has said he plans to run the company for a long time and likes all of Seagram's businesses. Seagram has confirmed that it has had informal talks with several companies and said it plans to pursue partnerships and alliances.

Some analysts and investors said Bronfman's focus on nurturing the film business to health could be a prelude to a possible sale. "He will sell at the right price, but he would have to get a substantial premium, which is questionable right now," said Hyman, who said he thinks Seagram would have to be offered more than $75 a share for a sale to be seriously considered.

Bronfman told analysts in Orlando that Universal "has a strong strategic plan to return the business" to positive cash flow in fiscal 2001.

Seagram has said it plans to cut costs by getting co-financing for movies. It also will choose its films more carefully and reduce the number made.

The company's also betting that coming films such as Erin Brockovich, a drama starring Julia Roberts, and a World War II thriller, U-571, will draw big audiences and profit for Universal.

Seagram said it expects its group of television channels outside the U.S to be profitable in fiscal 2003. Through its Universal Studios Networks, it owns and operates channels such as 13th Street: The Action & Suspense Channel, in France, Germany and Spain, and Studio Universal, a movie channel available in Italy and Germany.

Universal Music Group, Seagram's largest division as well as the world's biggest recorded-music company, is seen generating low-double-digit cash-flow growth next year, Bronfman said.

That's down from expected cash-flow growth of 16 per cent this year, which in turn is lower than the 22-per-cent growth in cash flow last year.

The slower growth comes as Seagram continues to invest in new Internet ventures. For the year ending in June, total new-media investments will be about $85 million, more than the company expected, Seagram said.

Bronfman is looking to bulk up Universal Music's presence on the Internet, which is becoming an increasingly popular means of distributing music to consumers. Seagram formed Universal Music in 1998 when it bought **Poly-Gram NV** for $10.2 billion and merged its music business with its own.

Bronfman said Seagram's recreation business, which includes theme parks in Florida and California, is on track to reach $450 million in cash flow by mid-2003.

Seagram said its spirits and wine business, which turned around this year after a slump, is seen posting cash-flow growth in the mid-single digits in fiscal 2001. The division is expected to continue outperforming competitors, Bronfman said.

The company told analysts that it sold $1.2 billion in assets from December 1998 to December 1999, exceeding its $1-billion goal. Seagram said proceeds from the sales helped reduce net debt by about $2 billion to $7 billion.

Telesystem's stock plunges

Bloomberg News

Shares of **Telesystem International Wireless Inc.**, controlled by Montreal businessman Charles Sirois, fell 13 per cent yesterday after the company said Tuesday that technical problems would delay expansion of its European mobile-phone network.

Shares of Telesystem fell $8.60 to $56.40 in Toronto, while in Nasdaq trading, shares fell $5.25 to $38.50.

Montreal-based Telesystem told investors Tuesday that production of some phones from its Britain-based **Dolphin Telecom PLC** unit would be set back about six months. Dolphin makes walkie-talkie-like phones that work over private networks.

"They've had a little bit of trouble getting the handsets to work, which will delay the launches a bit," said Nick Strube, an analyst at Canaccord Capital Corp. in Toronto. "These aren't insignificant delays, and they've got people a bit worried." Strube estimated that Dolphin represents about 70 per cent of Telesystem's operations.

Standard & Poor's said it might cut Dolphin's credit rating, citing that the recent news "may constrain Dolphin's ability to access its credit facilities."

GAZETTE GRAPHICS

Leroux profit rockets

Steel-products distributor **Acier Leroux Inc.** of Boucherville said yesterday its profit jumped to $7.7 million in the first quarter from a year-earlier $538,000. Revenue rose 39 per cent to $158 million. "It's great because the 1999 fiscal year was not easy," chief executive Gilles Leroux told analysts.

The Asian financial crisis had a negative impact on the North American steel market, contributing to increased inventory and lower prices. With the rebounding of the Asian economy, their steel firms have concentrated on their home market and have not exerted much pressure on North America.

"We've accomplished kind of a triple crown, with an increase in prices, deliveries going through and decreasing costs," Leroux said. He predicted prices would continue to rise slightly and then stabilize in 2001.

CP

Mining Net gold

Junior miner Altavista taken out by tech firm with big plans

ANDY RIGA
The Gazette

A tiny Saint-Hubert company is buying Altavista – **Altavista Mines**, that is. Like a growing number of other Canadian high-technology firms, **Jitec Corp.** is swallowing a penny-stock mining company to instantly gain a spot on the Montreal Exchange.

The company has big plans to provide cheap but powerful computing to small and medium-size businesses.

Being publicly traded will make it easier to access capital needed for the company's launch, said Benoît Laliberté, Jitec's chief executive and sole shareholder. Jitec recently lined up a $9-million private placement to help finance a major marketing push scheduled for April, he added.

Jitec has developed a low-cost Windows-based "thin-client network computer" – a stripped-down computer without such items as hard discs and CD-ROM drives. About 500 of its WinBit "intelligent terminals" are currently in use in pilot projects in schools, small businesses and government offices in Montreal, Jitec says.

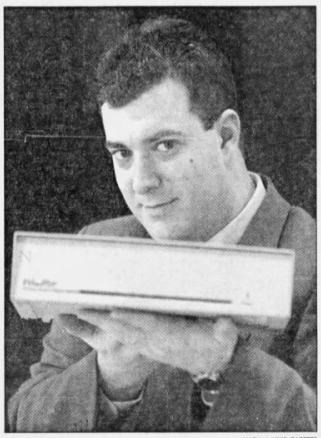
The company will lease the terminals – along with the use of Windows-based software programs via the Internet - for $40 per month. The setup uses **Bell Canada** Digital Subscriber Line high-speed Internet connections and includes Internet and E-mail access.

Jitec will target businesses with three to 15 workstations, in Montreal, Quebec City, Toronto and Ottawa. In Quebec alone, there are 170,000 small and medium-size businesses with an average of 12 employees each, the firm said.

Jitec is up against some computer-industry giants. Companies like **IBM, Sun Microsystems** and **Oracle** are also touting network computers as cheap replacements for PCs.

But Jitec is "the only player in North America at the moment who can offer a service like this, and to have all the elements in place like this," said Laliberté, who started Jitec 10 years ago as a computer-equipment retailer.

"With us, a company can completely control their costs. Today, a small business might need five or six computers and pay $1,500 or $2,000 each for them. There is instant depreciation on these PCs, and they have to buy the software and try to manage a network. They don't have backups, Internet access is limited and the employees don't all have E-mail access."



ALLEN McINNIS, GAZETTE

Jitec CEO Benoît Laliberté shows off his company's stripped-down computer that uses Internet-based software.

The annual "total cost of ownership" of a full-fledged PC is $7,600, compared with $480 for a WinBit, and customers needn't worry about software, Internet access, backups or networks, said Laliberté. He said he hopes Bell Canada will soon agree to sell Jitec's services as part of its bundle of services to small and medium-size businesses.

Jitec expects to be a big player in the "application-service provider," or ASP, market, a burgeoning field that involves leasing access to software, usually over the Internet. Jitec can provide access to programs like Microsoft Word, Excel and Outlook, CorelDraw and others. Its customers' data are stored on Jitec's central servers.

The firm employs 30 and plans to add another 50 over the next three months, including salespeople, engineering staff, network administrators and technical and customer-service representatives. Last year, it had revenue of $5 million from work done during the pilot projects, and posted a profit of "just under $200,000," Laliberté said. Its business plan projects sales of $40 million by 2004, he added.

Trading in Altavista stock was halted Feb. 29 after rumours of a takeover helped it more than double in value to 85 cents. That pegs its current market capitalization at $13.5 million. Laliberté bandies about big numbers when he talks about his company's prospects: by yearend, he said, its market cap could reach $1.5 billion.

The takeover is scheduled to be completed on April 26, when Altavista Mines shareholders are to meet. Laliberté said he will own about 75 per cent of Jitec after the takeover. Soon after Jitec lands on the Montreal Exchange, it will seek to be listed on the Toronto Stock Exchange, Laliberté said.

Altavista Mines – which is unrelated to the California-based AltaVista search-engine firm – is an exploration company with interests in gold and base-metal projects in Quebec and Zimbabwe.

Canadian companies eager to cash in on the thirst for technology stocks have taken to taking over mining companies for their stock-market listings. The process is faster than conducting an initial public offering.

Bumpy track for CN merger

Plan draws flak at Washington hearing

PETER FITZPATRICK
Financial Post

WASHINGTON – Criticism mounted yesterday of **Canadian National Railway Co.'s** proposed merger with **Burlington Northern Santa Fe Railway**, amid fresh signs that U.S. regulators are weighing the merits of a freeze on further railway combinations.

Witnesses representing rail unions, shippers and smaller railways at a hearing on the future of the industry, called by the U.S. Surface Transportation Board, asked the three-member board to turn down or defer CN's $28-billion merger plan.

"Too many times this golden chalice has been exposed as a tin cup," said Michael Woolly, a spokesman for the International Brotherhood of Electrical Workers, referring to disappointments with past mergers.

Repeatedly, the board, a regulatory agency that must sanction any merger, was asked not to approve any more mergers until service problems from mergers in the mid-1990s are solved.

"The last two mergers haven't shaken out. How can you begin to contemplate another?" asked Clinton Miller, spokesman for the United Transportation Union, one of the largest rail unions.

"Too many times this golden chalice has been exposed as a tin cup."

Board members repeatedly asked witnesses for opinions about the desirability of a moratorium – which suggests they are considering the option, even though the U.S. Department of Transportation says it does not favour such a move.

Large shippers called on the board to turn down CN's plan, which would create a transcontinental railway with 80,000 kilometres of track.

Paul Tellier, CN's president and chief executive, is sitting through all four days of hearings and said he will respond to the concerns. "I admit there's more opposition than support, but it was to be expected," he said.

He said he will use the time to explain the merits of the plan and how it differs from past mergers. Unlike other mergers, CN and BNSF use the same information systems already, there is no debt involved in the deal and the merger is mostly end-to-end, so there won't be as much confusing overlap of tracks, he said.

STEVE RUSSELL, TORONTO STAR

Employees at Yorkton Securities in Toronto get in some final trades before the close of trading on Tuesday, when the TSE suffered two trading interruptions.

TSE trading stoppages could continue

'It's going to be an ugly few months' until Toronto exchange upgrades its system

PHILIP DeMONT
Southam News

TORONTO – Expect a tough spring and summer on Canada's largest stock market as the Toronto Stock Exchange tries to use outdated technology to cope with ever-increasing trading volumes, investment experts say.

"It's going to be an ugly few months," said Paul Bates, president and chief executive officer of **Charles Schwab Canada**, a major investment house.

And some industry players are afraid the near-term woes could develop into a longer-term headache if the computer glitches damage the TSE's reputation. On Tuesday, the TSE lost 2½ hours of trading time as its computerized order system failed twice during the day.

The exchange has been using an electronic trading system that is more than 20 years old and is due for replacement this year.

In February, the TSE was hit by two smaller computer foul-ups within the same system, which is not expected to be replaced until at least September.

Most executives point to the higher volumes of trading as the reason for the TSE's recent problems. In 1992, the average investor did 10 to 12 transactions annually compared with today's level of about 50 a year, he said.

Many investment executives say that the more problems the exchange endures in completing orders, the greater the potential damage to its long-term effectiveness.

"This constitutes a black eye for the TSE. And there are going to be effects beyond (short-term trading woes)," said Gordon Roberts, a financial-services professor at York University's Schulich School of Business.

In recent years, the TSE has been looking for ways to attract new technology companies to the exchange. Currently, many of these firms list their stocks on the Nasdaq, which gets the attention of U.S. high-tech investors.

Technical problems of Tuesday's variety hurt the TSE's reputation as a new-economy exchange, especially among tech firms considering listing in Toronto as well as the Nasdaq.

"If trading stoppages become a persistent problem, that concern will become serious," said Ted Anderson, a partner in the Toronto office of Ventures West Management Inc., a Vancouver-based venture-capital fund that helps new firms get exchange listings.

"It's all about credibility. How people trade does not matter (to these companies). But, if these problems persist, it is going to affect new listings."

In addition, investment brokers are unlikely to be overly forgiving if the TSE keeps hitting technological walls throughout the summer.

"Six months is an eternity in this market. Eventually, you have to look for (trading) alternatives," said Brendan Caldwell, president of Caldwell Securities Ltd., a Toronto-based brokerage firm.

Investment dealers now have a growing number of ways of making stock trades besides the traditional route through the TSE, executives said.

For example, Toronto-based **Versus Technologies Inc.**, which runs a discount brokerage, also has its own block-trade exchange service where institutional investors can locate buyers outside the TSE system for their large share holdings.

"It provides an alternative for clients," said Deborah Thompson, Versus's vice-president.

While Thompson refused to say her company benefited from the TSE's technology woes, she said Versus certainly wants to expand its alternative market operations. "We have the technical acumen to do this. We have the capacity. And we have the desire."

As a result, investors fed up with the TSE's continuing problems might start taking a more serious look at Versus-type systems or the after-hours trading operations already provided by many major financial institutions.

Copyright © 2026 Newspapers.com. All Rights Reserved.